

Preliminary Market Findings

South Moreland LCI Advisory Committee Meeting
November 29, 2007

Presented by: Lakey Broderius Boyd, AICP, CEcD
Market + Main, Inc.

Socioeconomic Findings

Socioeconomic Findings

■ Growing Population

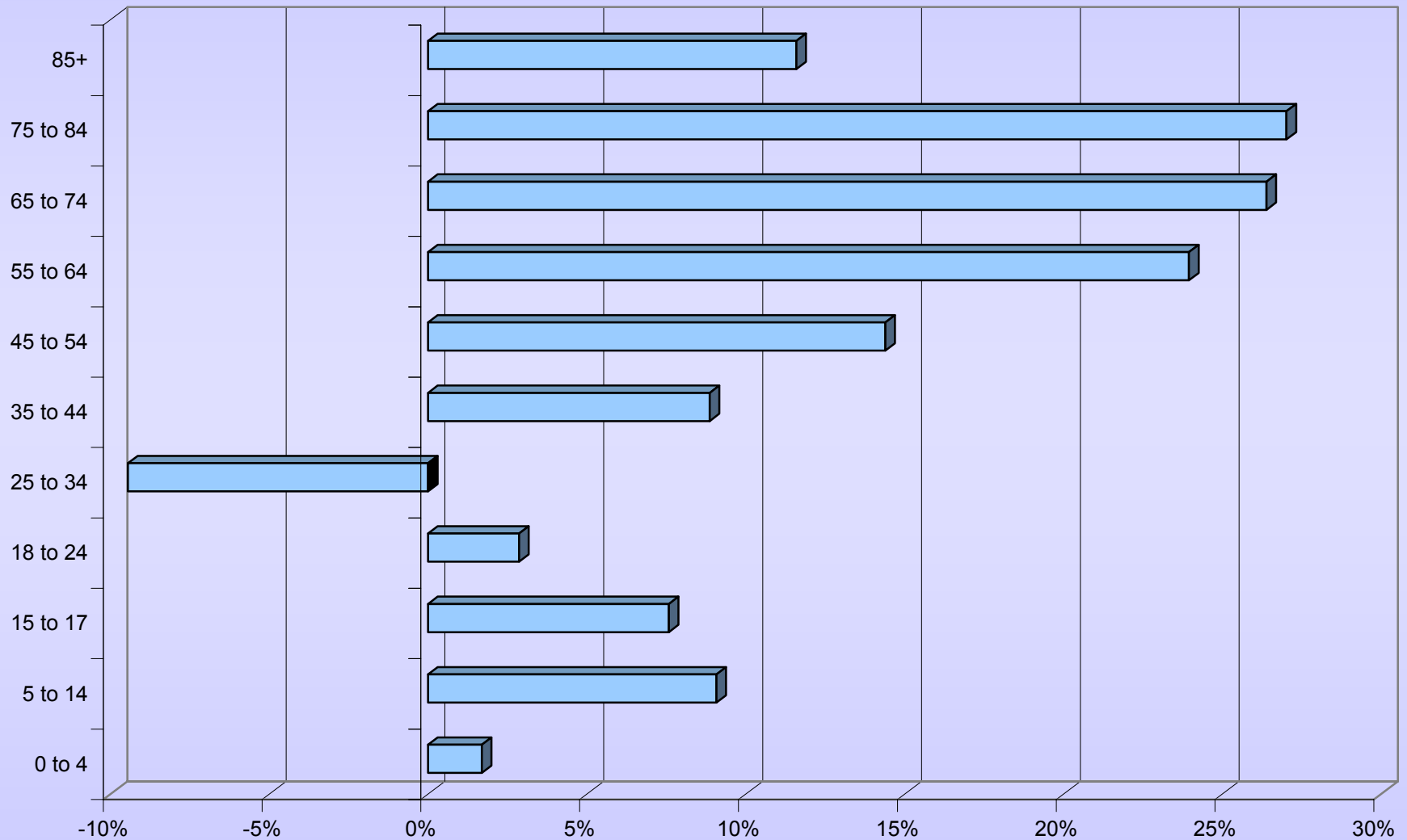
- ❑ Approx. pop. 9,150 – approx. 3,300 HH
- ❑ 16% since 2000
- ❑ 8% btwn. 2007-2012
- ❑ Just below City averages, below Atlanta MSA averages, & 2x national averages

■ Young residents

- ❑ Largest age groups: 35-44, 25-34, & 5-14
- ❑ Largest growth projected in age groups over 55
- ❑ Will lose 25-34 year-olds

Sources: US Census Bureau, Atlanta Regional Commission, Claritas, M+M

Age Distribution Changes, LCI Study Area, 2007-2012



Source: Claritas, Market + Main, Inc.



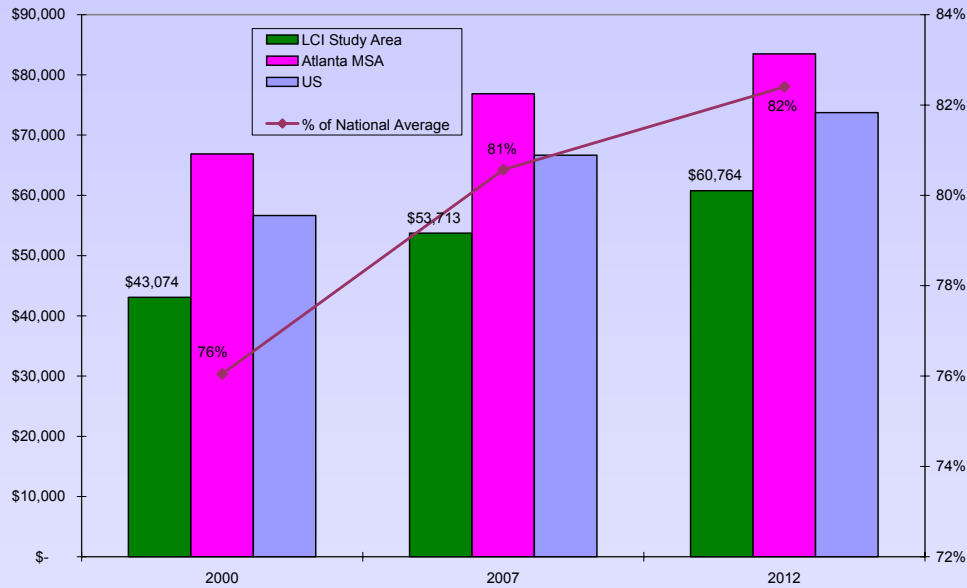
Socioeconomic Findings

- Low educational attainment
 - ❑ About one-third have not graduated HS
 - ❑ College graduates below national & MSA averages

- Low wealth levels
 - ❑ PCI 77% of national average
 - ❑ One-third of HH earn below \$25,000 (10% more than national & 2x MSA average)
 - ❑ 12.6% of HH over \$100k
 - ❑ LCI income levels growing fastest

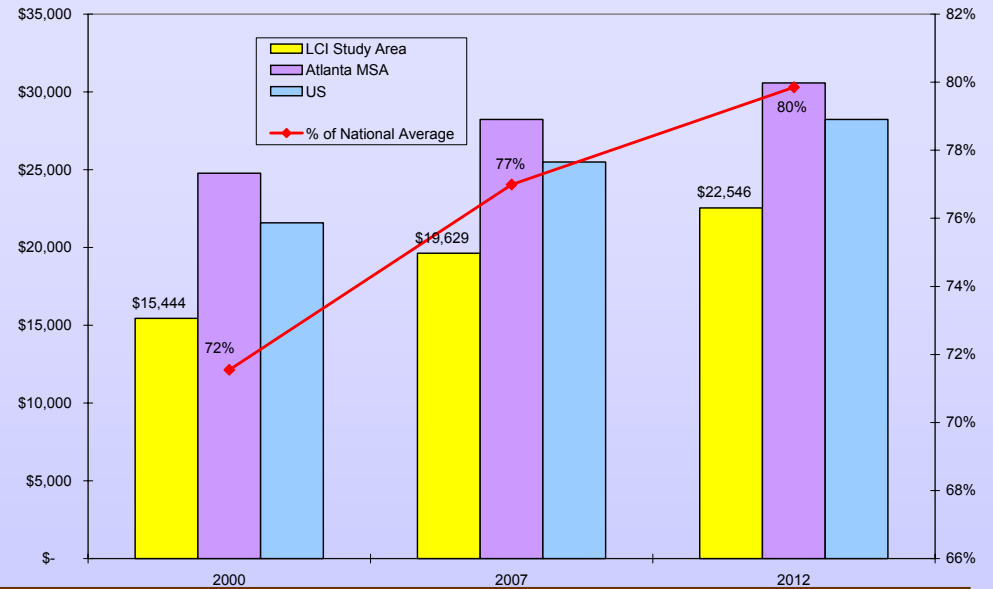
Sources: US Census Bureau,
Claritas, M+M

Average Household Income Trends, 2000-2012



Source: US Census Bureau, Claritas, Market + Main, Inc.

Per Capita Income Trends, 2000-2012



Source: US Census Bureau, Claritas, Market + Main, Inc.

Market Trends

Metro Atlanta Residential Trends

- Overall, major slowing not a crash
- New construction declining fastest
- Absorption slowing, except in resales of condos & townhomes
- Buyers market
- Infill inside perimeter
- Atlanta ranked #2 in foreclosures in 2006
- Rental is rebounding

Study Area Residential

- ❑ 30315 avg price is \$233,000, up 4% from 2004 & up 6% from last year
- ❑ 30316 avg price is \$292,000, up 30% from 2004 & down 9% from last year
- ❑ 30315 closings up 3% since 2004 & down 56% from last year
- ❑ 30316 closings down 11% since 2004 & down 29% from last year

Study Area Residential

- ❑ 30315 months supply is higher than metro at 17.0
- ❑ 30316 months supply is lower than metro at 10.5
 - Most in over \$500k, least in \$151-\$175k
- ❑ Resales are 75% of market activity

Metro Atlanta Retail Trends

- Consumer spending expected to slow because gas prices, interest rates, etc.
- Shopping center construction seen in fast-growing suburbs, mature infill areas with condo construction, and ethnic concentrations
- Retail in mixed-use on the rise
- Expected to rank in top 10 performing retail markets in US this year

Decatur/East Atlanta Submarket

■ Retail

- ❑ Size: 7.1 million sf (3% of metro)
- ❑ Vacancy: 14.6%
- ❑ Rent: \$9.79
- ❑ 64,000 sf under construction, -147,000 sf net absorption YTD
- ❑ 2nd highest vacancy rate in metro
- ❑ Bottom 20% for rental rates

Study Area Retail

- ❑ Average age 39.6 years
- ❑ Very few renovations
- ❑ Most rents \$6-\$12/sf, handful in \$25-\$28/sf – averages to \$17/sf
- ❑ Approx. 600,000 sf
- ❑ Low vacancy for active sites
- ❑ Avg time on market is 13.2 months
- ❑ 2,410 sf absorbed YTD

Metro Atlanta Office Trends

- Expansion mode in established submarkets
- Rents will rise and absorption will increase
- Concerns about supply coming online will outweigh demand, but job growth projections are high
- Big unknown is the impact new projects will have

Decatur Submarket

■ Office

- ❑ Size: 5.9 million sf (3% of metro)
- ❑ Vacancy: 5.3%
- ❑ Rent: \$20.35
- ❑ 43,500 sf under construction, 66,000 sf net absorption YTD
- ❑ Lowest vacancy rate in metro
- ❑ Top 25% for rental rates

Study Area Office

- ❑ Very few properties
- ❑ Average age 36.6 years
- ❑ Rent range \$15-\$28 – averages to \$18/sf
- ❑ Approx. 82,000 sf
- ❑ High vacancy for active sites
- ❑ Avg time on market is 2.0 months
- ❑ -9,670 sf absorbed YTD

Metro Atlanta Industrial Trends

- Still recovering
- Continuing additions to supply could slow growth performance
- Most new construction in outlying areas
- Growth expected in industrial parks
- Consolidation into larger and more modern facilities will continue
- Expected to rank in top five distribution markets in US in 2007

Study Area Industrial

- ❑ Very few properties
- ❑ Average age 50.4 years
- ❑ Rents average \$5-\$6/sf
- ❑ Approx. 600,000 sf
- ❑ Low vacancy for active sites
- ❑ Avg time on market is 12.6 months
- ❑ 0 sf absorbed YTD
- ❑ Getting pushed out

Real Estate Interviews

Real Estate Interviews

- Commercial & retail market has slowed “considerably” in past 12 months in area
- Small local tenants interested but not always most creditworthy
- Still underserved
- Not hearing any rumors of redevelopment or major assemblage
- Lots of inquiries, not qualified buyers
- A lot are holding land as investment

Real Estate Interviews

- Many looking at assemblage seem to be flippers
- Need more residential redevelopment & higher density first
- Some “ripe for redevelopment,” some “not a vibrant market”
- Tough sell because of perception of crime
- Redevelopment will be piecemeal because of multiple property owners

Real Estate Interviews

- Many parcels on Moreland are small and/or shallow, make development difficult
- Older properties have good occupancy rates, but dealing with third tier tenants
- Land costs high, shopping needs parking, little available land, means decked parking, \$\$\$
- Few rehab plans because too far south to take advantage of what's happening north of I-20

Preliminary Market Recommendations

Preliminary Study Area Market

- Conservative assumption of 2.5% annual HH growth rate
- Market wants higher density and rental housing
- Small-scale, local-serving office has strong potential
- Highest retail demand is for food/beverage
- Infill from I-20 south is more likely than single anchor destination

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